

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 		Printed Name	License Number	

**Local Development Financing Authority
of the Charter Township of Van Buren
Wayne County, Michigan**

**Financial Report
December 31, 2007**

Local Development Financing Authority of the Charter Township of Van Buren

Contents

Report Letter	I
Basic Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Deficit	2
Statement of Governmental Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities	3
Notes to Financial Statements	4-8
Required Supplemental Information	9
Budgetary Comparison Schedule	10



Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Local Development Financing Authority of the
Charter Township of Van Buren
Wayne County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Van Buren as of and for the year ended December 31, 2007 and have issued our report thereon dated May 7, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Van Buren's basic financial statements. The accompanying financial statements of the Local Development Financing Authority that supplement the basic financial statements noted above are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Van Buren's basic financial statements. The accompanying financial statements of the Local Development Financing Authority are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information presented has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

May 7, 2008

Local Development Financing Authority of the Charter Township of Van Buren

Governmental Fund Balance Sheet/Statement of Net Deficit December 31, 2007

	Governmental Fund	Adjustments (Note 2)	Statement of Net Deficit
Assets			
Cash and equivalents (Note 4)	\$ 957,432	\$ -	\$ 957,432
Restricted assets (Note 7)	2,304,736	-	2,304,736
Unamortized net bond issuance costs	-	171,247	171,247
Total assets	<u>\$ 3,262,168</u>	171,247	3,433,415
Liabilities			
Accrued and other liabilities	\$ -	2,644,461	2,644,461
Deferred revenue (Note 5)	993,249	-	993,249
Noncurrent liabilities (Note 6):			
Due within one year	-	175,392	175,392
Due in more than one year	-	25,048,282	25,048,282
Total liabilities	993,249	<u>27,868,135</u>	<u>28,861,384</u>
Fund Balance/Net Deficit			
Reserved/Restricted for debt service reserve	1,753,655	-	1,753,655
Reserve for construction	551,081	(551,081)	-
Unreserved/Unrestricted	(35,817)	(27,145,807)	(27,181,624)
Total fund balance/net deficit	<u>2,268,919</u>	<u>\$ (27,696,888)</u>	<u>\$ (25,427,969)</u>
Total liabilities and fund balance	<u>\$ 3,262,168</u>		

Local Development Financing Authority of the Charter Township of Van Buren

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended December 31, 2007

	Governmental Fund	Adjustments (Note 2)	Statement of Activities
Revenue			
Property taxes	\$ 1,616,325	\$ -	\$ 1,616,325
Supplemental tax revenue	175,000	-	175,000
Interest income	<u>112,090</u>	<u>-</u>	<u>112,090</u>
Total revenue	1,903,415	-	1,903,415
Expenditures			
Professional services	4,475	-	4,475
Amortization	-	32,054	32,054
Administrative and other	21,423	-	21,423
Debt service - Interest	<u>894,903</u>	<u>605,184</u>	<u>1,500,087</u>
Total expenditures	<u>920,801</u>	<u>637,238</u>	<u>1,558,039</u>
Net Change in Fund Balance/Net Deficit	982,614	(637,238)	345,376
Fund Balance/Net Deficit - Beginning of year	<u>1,286,305</u>	<u>(27,059,650)</u>	<u>(25,773,345)</u>
Fund Balance/Net Deficit - End of year	<u>\$ 2,268,919</u>	<u>\$ (27,696,888)</u>	<u>\$ (25,427,969)</u>

Local Development Financing Authority of the Charter Township of Van Buren

**Notes to Financial Statements
December 31, 2007**

Note I - Significant Accounting Policies

The Local Development Financing Authority of the Charter Township of Van Buren (the "Authority") is organized pursuant to State of Michigan Public Act No. 281 of 1986. The primary purpose is to encourage local development to prevent conditions of unemployment and promote economic growth. This purpose is accomplished by the Authority collecting captured property taxes under a tax increment financing plan in accordance with state law and budgeting expenditures for improvements in the Authority's district boundaries.

The Authority is a component unit of the Charter Township of Van Buren (the "Township") and is included in the basic financial statements of the Township at December 31, 2007.

Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. There are no component units required to be included in these financial statements.

The following is a summary of the significant accounting policies:

The government-wide full accrual financial statements (the statement of net deficit and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. For the purpose of the government-wide financial statements, the Authority reports a liability for the outstanding 2003 and 2006 Local Development Finance Authority Bonds, which will be repaid through captured property taxes in future periods.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Local Development Financing Authority of the Charter Township of Van Buren

**Notes to Financial Statements
December 31, 2007**

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet and statement of governmental fund revenue, expenditures, and changes in fund balance of the Authority's General Fund differ from the statement of net deficit and statement of activities. This difference results primarily from the long-term economic focus of the statement of net deficit and statement of activities versus the current focus of the General Fund balance sheet and statement of governmental fund revenue, expenditures, and changes in fund balance.

The statement of net deficit includes the recognition of long-term debt along with the accrued interest expense. The statement of activities includes the reclassification of the debt principal payments from expense to offsetting the liability and accrual of the interest expense.

Note 3 - Budget Information

The annual budget is prepared by the Authority's board and adopted by the Township board; subsequent amendments are approved by the Authority's board and approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2007 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget has been adopted on a line-item basis and has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budget as adopted by the Authority's board is included in the required supplemental information.

Fund Deficit - The deficit of \$35,817 will be eliminated with future property tax collections.

Local Development Financing Authority of the Charter Township of Van Buren

**Notes to Financial Statements
December 31, 2007**

Note 4 - Cash and Cash Equivalents

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Authority has elected to comply with the Township's investment policy. The investment policy adopted by the Township board in accordance with Public Act 196 of 1997 has authorized investment in all of the state statutory authority listed above. The Authority has designated one bank for the deposit of its funds.

The Authority's cash and investments are subject to the following type of risk:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority had \$3,262,168 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 5 - Deferred Revenue

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. As of December 31, 2007, the Authority received \$993,249 of property taxes levied for 2008, which will be recognized during the year ending December 31, 2008.

Local Development Financing Authority of the Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 6 - Long-term Debt

The Authority issues bonds to provide for the acquisition and construction of major capital facilities.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Local Development Financing Authority:							
2003 Capital Appreciation Bond:							
Amount of issue - \$6,589,656	5.27%-	\$510,859-					
Maturing through 2032	5.38%	\$766,818	\$ 6,589,656	\$ -	\$ -	\$ 6,589,656	\$ -
2006 Refunding Bond:							
Amount of issue - \$19,200,000	4.00%-	\$115,000-					
Maturing through 2031	5.00%	\$1,370,000	19,200,000	-	-	19,200,000	200,000
Deferred amount on refunding			(590,590)	-	24,608	(565,982)	(24,608)
Total			<u>\$ 25,199,066</u>	<u>\$ -</u>	<u>\$ 24,608</u>	<u>\$ 25,223,674</u>	<u>\$ 175,392</u>

The annual requirements to service the outstanding debt are as follows:

Years Ending December 31	Principal	Interest	Total
2008	\$ 200,000	\$ 890,403	\$ 1,090,403
2009	500,000	873,403	1,373,403
2010	500,000	850,903	1,350,903
2011	115,000	838,603	953,603
2012	120,000	833,753	953,753
2013-2017	3,825,000	3,932,589	7,757,589
2018-2022	9,725,000	2,250,402	11,975,402
2023-2027	5,103,267	7,177,021	12,280,288
2028-2032	5,701,389	11,393,861	17,095,250
Total	<u>\$ 25,789,656</u>	<u>\$ 29,040,938</u>	<u>\$ 54,830,594</u>

Defeased Debt - In prior years, the Local Development Financing Authority defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the financial statements. At December 31, 2007, \$19,270,000 of bonds outstanding are considered to be defeased.

Local Development Financing Authority of the Charter Township of Van Buren

**Notes to Financial Statements
December 31, 2007**

Note 6 - Long-term Debt (Continued)

Future Revenues Pledged for Debt Payment - The Township has pledged a portion of future property tax revenues to repay \$25,789,656 in Local Development Financing Authority bonds issued in 2003 and a portion refunded in 2006 to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority, and are projected to produce 100 percent of debt service requirements over the life of the bonds. Total principal and interest remaining of the bonds is \$54,830,594, payable through 2032. For the current year, principal and interest paid and total property tax captures were \$894,903 and \$1,616,325, respectively.

Note 7 - Restricted Assets

Restricted assets as of December 31, 2007 consist of cash and cash equivalents totaling \$2,304,736. These assets are restricted for the purpose of the 2003 Capital Appreciation and 2006 Refunding bonds. A total of \$1,753,655 is for debt service reserves and \$551,081 is unspent bond proceeds to be used for construction. Fund balance/net assets have also been reserved/restricted for \$1,753,655.

Note 8 - Risk Management

The Authority is exposed to various risks of loss related to torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority is covered by insurance purchased by the Township for all claims.

Note 9 - Property Tax Agreement

During the year, the Township entered into a property tax agreement with Visteon Corporation, which is located in the LDFA. The agreement stipulates that Visteon agrees to payments in lieu of taxes to the Township in the amount of \$175,000 per year for eight years, which commenced on July 1, 2007.

Required Supplemental Information

Local Development Financing Authority of the Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule Governmental Fund Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 1,679,947	\$ 1,611,773	\$ 1,616,325	\$ 4,552
Supplemental tax revenue	-	175,000	175,000	-
Interest	60,000	110,000	112,090	2,090
Total revenues	1,739,947	1,896,773	1,903,415	6,642
Expenditures				
Professional services	10,000	10,000	4,475	5,525
Administrative and other	307,453	53,250	21,423	31,827
Debt service - Debt interest	894,903	894,903	894,903	-
Total expenditures	1,212,356	958,153	920,801	37,352
Excess of Revenues Over Expenditures/ Change in Net Assets	527,591	938,620	982,614	43,994
Fund Balance/Net Assets - Beginning of year	943,169	1,286,305	1,286,305	-
Fund Balance/Net Assets - End of year	<u><u>\$ 1,470,760</u></u>	<u><u>\$ 2,224,925</u></u>	<u><u>\$ 2,268,919</u></u>	<u><u>\$ 43,994</u></u>